

SENATE BILL REPORT

SB 5063

As Reported by Senate Committee On:
Ways & Means, February 8, 2017

Title: An act relating to clarifying the taxation of pet adoption fees.

Brief Description: Clarifying the taxation of pet adoption fees.

Sponsors: Senators Fain and Palumbo.

Brief History:

Committee Activity: Ways & Means: 2/02/17, 2/08/17 [DPS].

<p style="text-align: center;">Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">• Clarifies that pet adoption fees are not subject to the retail sales tax.
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SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5063 be substituted therefor, and the substitute bill do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Becker, Billig, Carlyle, Conway, Darneille, Fain, Hasegawa, Keiser, Miloscia, Padden, Pedersen, Rivers, Schoesler, Warnick and Zeiger.

Staff: Dean Carlson (786-7305)

Background: Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services—including construction. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service when used in this state. The state, most cities, and all counties levy retail sales and use taxes.

The payment of pet adoption fees could be considered subject to the retail sales tax as pets are considered tangible, personal property. It has been a long standing position of the

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Department of Revenue that pet adoptions fees paid to different types of animal rescue groups are not subject to the retail sales tax.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): The legislation clarifies that pet adoption fees paid to local governments, humane societies, and nonprofit animal rescue organizations are not subject to the retail sales tax. Fees are subject to the service and other activities classification of the business and occupation tax instead of the retailing classification.

Animal rescue organizations do not owe use tax on animals they care for and persons who adopt animals from such organizations do not owe use tax on their adopted pets.

This bill is retroactively effective to July 1, 2015.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on First Substitute: PRO: In Clark County last year, our organization help find homes for over 5000 animals. The bill will codify Department of Revenue policy so that the fees paid will not be subject to sales tax. This does not apply to businesses that sell animals for profit. Our sanctuary has hundreds of animals that have been abused and neglected. There are hundreds of rescue organizations impacted by this. This reduces our administration and our costs.

Persons Testifying: PRO: Donald Murray, Pasado's Safe Haven; Lisa Feder, Humane Society for Southwest Washington, VP & Director of Shelter Operations.

Persons Signed In To Testify But Not Testifying: No one.